Special Commission on the Health Care Payment System

http://www.mass.gov/dhcfp/paymentcommission

DRAFT PRINCIPLES FOR HEALTH CARE PAYMENT REFORM

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Base assumption: Fundamental reform of the health care payment system is essential to significantly and sustainably slowing the high rate of health care cost growth while improving quality and appropriateness of care.

1. As currently implemented, fee-for-service payment rewards service volume rather than outcomes and efficiency, and therefore is unlikely to be the preferred model for most provider payments.

2. At a minimum, payments should be adequate to cover the costs of efficient providers, support investments in system infrastructure, and ensure adequate access to care for patients.

3. Provider payment systems should reward and promote the delivery of efficient, coordinated, patient-centered, high quality health care that aligns with evidence-based guidelines, where available, and produces superior outcomes and improved health status. Performance measurement should rely upon reliable information and where feasible should utilize uniform, nationally accepted measures.

4. Provider payment systems should balance payments for cognitive, preventive, chronic and interventional care, support the development and maintenance of an adequate primary care infrastructure and respond to the cross-subsidization occurring within provider organizations as a result of the current lack of balance in payment levels by service.

5. Health care payments should be uniform on a risk-adjusted and socio-economic-adjusted basis wherever technically possible, and regardless of payer, to the extent that this is financially feasible.

    a. If not financially feasible, then differences should be transparent.
    b. Payments above the uniform rate should be based on performance.
    c. Costs associated with desired investments in teaching, research and desired special "stand by" capacity should be addressed outside of the uniform rate.

6. The health care payment system should be organized in such a way as to minimize provider and payer administrative costs that do not add value.

7. Payment reform must be designed with an awareness of the interactive effect of payment models with delivery system organization and with the patient incentives produced by health benefit designs.

8. Providers, payers and patients should all share in the savings arising from payment reform.

9. The health care payment system should be transparent to patients and providers.

10. The diversity of populations, geography and providers across the Commonwealth make it unlikely that one payment model can be implemented in a common fashion statewide.

11. Implementation should be phased over time, with planned evaluation for unintended consequences and mid-course corrections.